



For Immediate Release

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**Senator Gregg: Grim Mid-Year Budget Outlook
Underscores Need for Caution on Health Care Reform**

“Mid-year budget assessments by both the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) confirm that the federal budget outlook over the long term continues to look grim, even before the Democratic proposals to increase federal spending on health care are factored in.

“While the effectiveness of TARP I and the improvement in our financial sector have resulted in the President dropping his \$250 billion placeholder for a second round of TARP spending, this has been obvious for some time as the Treasury had already announced it did not intend to request more TARP authority from Congress. The bad news is still with us – OMB is now finally acknowledging what CBO had already told us in March, which is that under the President’s policy proposals, budget deficits will total more than \$9 trillion over the next ten years.

“The Administration’s frequent complaints about inheriting large deficits and a fiscal downturn are beginning to ring hollow as they continue to put off addressing the out-year deficits. While identifying more than \$600 billion in Medicare and Medicaid savings, the President’s budget then proceeds to spend all those saving on new health care programs, which does nothing to curb the out-year problem. Furthermore, the Administration is pushing to put in place a statutory Pay-Go mechanism that exempts extension of most of the major legislation that they claim is the cause of their inherited debt problem. They continue to promise action, but no plan of any substance has materialized.

“To make matters worse, these trillion-dollar deficits will only compound the looming crisis on the horizon – the exploding costs of the massive unfunded entitlement programs as the Baby Boom generation fully retires. Instead of putting resources toward addressing that problem, which will dwarf the recent economic meltdown – the Democratic majority is instead trying to sell the American people on a so-called health care “reform” plan that will cost more than \$2 trillion over ten years once it’s fully implemented.

“While the U.S. health care system does need to be reformed, we cannot ignore the fiscal realities of our situation. We are in a very deep budgetary hole, and the CBO has confirmed that the current Democratic plans unveiled so far would only increase government spending on health care, not lessen it. We must proceed with extreme caution before putting in place a huge and costly new program that will threaten our economy and the future of our children.”